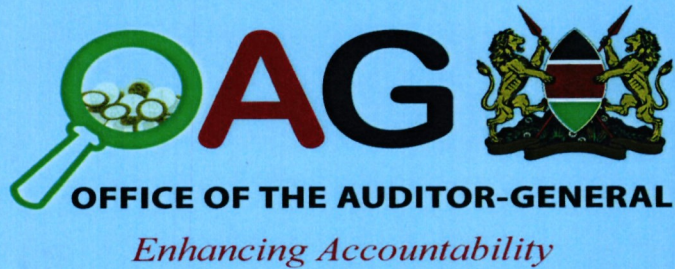


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY	
DATE: 23 NOV 2022 Wednesday	
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REPORT

PARLIAMENT
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LIBRARY

OF

THE AUDITOR-GENERAL

ON

**TECHNICAL AND VOCATIONAL
EDUCATION AND TRAINING AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2021**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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**TECHNICAL AND VOCATIONAL EDUCATION
AND TRAINING AUTHORITY**

**TECHNICAL AND VOCATIONAL EDUCATION AND
TRAINING AUTHORITY**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDEND 30 JUNE 2021

**Prepared in accordance with the Accrual Basis of Accounting Method under the International Public
Sector Accounting Standards (IPSAS)**

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1. KEY ENTITY INFORMATION AND MANAGEMENT

i. Background information

The Technical and Vocational Education and Training Authority (TVETA) is a State Corporation established by the Technical and Vocational Education and Training (TVET) Act No 29 of 2013 (*Kenya Gazette Supplement* No. 44) which commenced on 24 June 2013. TVETA is a regulatory body whose mandate is to regulate and coordinate the TVET sector through accreditation of institutions, programs and trainers as well as assure quality, access, equity and relevance in education and training. TVETA is domiciled in the Ministry of Education, State Department of Vocational and Technical Training.

ii. Principal Activities

Vision Statement

A competitive market driven TVET system delivering competent workforce for sustainable development.

Mission Statement

To develop a TVET system that meets national needs and aspirations

Strategic Objectives

The strategic objectives of TVETA are to:

- Enhance TVET quality and relevance;
- Promote access and equity in TVET;
- Strengthen governance and management; and
- Mobilize financial resources for the Authority;

Section 7 of the TVET Act, 2013 gives the powers and functions of the Authority. The Authority's functions are therefore to:

- i) Regulate and coordinate training under TVET Act, 2013;
- ii) Inspect, register and license training institutions;
- iii) Accredite and inspect programmes and courses;
- iv) Assure quality and relevance in programmes of training;
- v) Prescribe the minimum criteria for admission to training institutions and programmes to promote access, equity and gender parity;
- vi) Collect, examine and publish information relating to training;
- vii) Determine the national technical and vocational training objectives;
- viii) Recognize and equate qualifications awarded by local or foreign technical and vocational education institutions' in accordance with the Standards and guidelines set out by the Authority from time to time;
- ix) Undertake, or cause to be undertaken, regular monitoring, evaluation and inspection of training and institutions to ensure compliance with set standards and guidelines;

iii. Key Management

The Authority's day-to-day management is under the following key organs:

- The Board of Directors;
- The Director General/ Chief Executive Officer;
- Heads of Directorates/Sections;

iv. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were: -

No.	Designation	Name
1.	Director General	Dr. Kipkirui Langat
2.	Deputy Director Outreach Services	Bibiana Otieno
3.	Assistant Director Finance and Accounts	Emmanuel Korir
4.	Senior Supply Chain Management officer	Henry Obatsa

v. Fiduciary Oversight Arrangements

The Authority has the following 3 Board Committees;

- Technical Committee;
- Finance and General-Purpose Committee;
- Audit and Risk Committee;

i. Technical Committee

The Technical Committee review plans and guidelines for the effective implementation of the provisions of the TVET Act 2013, review TVET training regulations, standards and guidelines, accredit training institutions, assessment centres, foreign institutions, training programmes, trainers, assessors and verifiers and approve the process of introduction of new and review of training programmes.

ii. Finance and General-Purpose Committee

The Finance and General-Purpose Committee has direct oversight on the finance activities of the Authority. The Committee reviews the budget, finance reports, human capital, procurement plans, Performance contracting and ICT reports before presentation to the full Board for deliberation and approval.

iii. Audit and Risk Committee

The Audit and Risk Committee evaluate adequacy of management procedures with regard to issues relating to risk management, control and governance, review and assess the adequacy and compliance of the Authority's policies and procedures for identifying, assessing and managing risks (financial, legal, ethical, safety, reputational or other). For the purposes of this paragraph, 'risk' is defined as any circumstance that may prevent the Authority from achieving its objectives.

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
Annual Reports and Financial Statements
For the year ended 30 June 2021

vi. Entity Headquarters

P.O. Box 35625-00100
Utalii House, 8th Floor
Utalii Street
Nairobi, KENYA

vii. Entity Contacts

Telephone: (254) 202392140
Mobile: (254) 700015440, (254) 733480391
E-mail: info@tveta.go.ke
Website: www.tveta.go.ke

viii. Entity Bankers

Kenya Commercial Bank Ltd.
Kipande House Branch
P.O. Box 30012-00100
Nairobi, Kenya

ix. Independent Auditors

Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084-00100
Nairobi, Kenya

x. Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

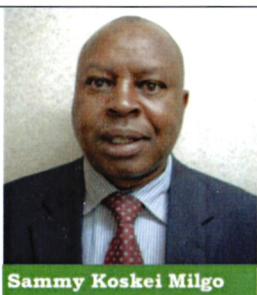
2. THE BOARD OF DIRECTORS



Prof. Ahmed Ferej, Chairman
(TVETA Board)

Prof. Ahmed Ferej (Board Chairperson)

Prof. Ferej was appointed to the TVETA Board on 25th April 2014 and appointed TVETA Board Chairperson on 9th October 2017. He holds a PhD in Education (TVET and Entrepreneurship) from the University of Illinois in the US (1994). He completed a Diploma in Mechanical and Electrical Engineering as well as a technical teacher's certificate at the Kenya Polytechnic in 1975. He is an associate Professor at the University of Eldoret, in the Department of Technology Education. Prof. Ferej has over 30 years' professional experience in the field of education and training, mostly TVET, where he has taught at the technical, secondary, middle level college and university levels. He has contributed to national curriculum development. He has supervised several Master's Degree and PhD candidates and served as external examiner for Kabarak University and Gold Coast University in Ghana.



Sammy Koskei Milgo

Mr. Sammy Milgo (Independent Director-Chair Technical Committee)

Mr. Milgo holds a BSc. degree in Food Science and Technology (University of Nairobi, 1984), MSc. in Food Science & Technology (State University of Ghent, Belgium, 1997), Advanced Certificate in Quality Management (Singapore, 2000) and Executive Masters' in Business Administration (MBA - Strategic Management option) (Moi University, 2012). Currently, he is pursuing a PhD in Climate Change and Adaptation (PhD - CCA) (Institute of Climate Change and Adaptation, University of Nairobi). Sammy has over nineteen (19) years' experience in Standardization (Standards, Metrology & Quality Assurance), and Conformity Assessment (Inspection, Testing, Certification, Proficiency Testing) activities having worked for the National Standards Body KEBS, in various functional areas and rising from the position of Assistant Quality Assurance Officer (1985) to Managing Director/CEO of Kenya Accreditation Service (KENAS), a statutory organization of government that reports to the Ministry of Industry, Trade and Cooperatives (MOITC).



Burua Sanga Shumaa

Mr. Burua Sanga Shumaa (Independent Director-Chair Finance and General Purpose Committee)

Currently serving as Business Development Manager at Centum Learning Limited based in Nairobi. Sanga is a holder of BSc (Hons) Mechanical Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and MSc. in Human Resource Development and Performance Management from the University of Leicester, UK. With over 20 years of experience in the Oil and Gas industry, Sanga brings on board a wealth of experience in People Leadership, Performance Supervisory Essentials, Emotional Intelligence, Competence Observation, GA Analysis, Assessment & verification, and Competence Assurance Management system- CAM Assessor in the Oil, Gas and Petrochemical industry. His experience is drawn from the Kenya Petroleum Refineries Limited (KPRL), where he served as Refinery Operator and later as Mombasa Terminal Superintendent with Caltex Oil. Thereafter, he took on the role of SOP and Training Specialist with Chevron for East & West Africa, before relocating to the middle East, where he worked with SABIC in Saudi Arabia, as well as ADNOC in Abu Dhabi, UAE at BOROUGE Petrochemical. In his leadership roles, Sanga has initiated the design and delivery of a tailor-made coaching and mentorship program and made it available to coaches/mentors/SMEs to help support employees' development, with the structures, procedures, skills and tools to effectively support the development programs



Ms. Susan Aletia

Ms Susan Aletia (Independent Director- Chair Audit and Risk Committee)

Ms Susan Aletia was appointed as TVETA Board member on 26th June 2020. She is results oriented and development passionate lady, keen to advance Public health principles and practice in disaster situations to promote the well-being of communities. She has strong advisory, negotiation, analytic and communication competencies gathered from years of work experience in government, non-governmental organizations and the UN.

She currently coordinates a UN and Turkana County development partnership initiative; promoting integrated programming. Prior to this, she worked for UN

Women as a gender advisor to the Turkana County government. Before then, worked with a DFID as an M&E specialist and UNICEF as the head of field office and emergency project officer for Turkana and West Pokot Counties. She has also worked with a World Bank funded project focused on need based and sustainable community development projects. She has also served as a council member in two public Universities in the country.

Susan holds a master's degree in Public Health (majoring in disaster preparedness and management) from Moi University, a Bachelor of Education Science degree from Moi University and is currently pursuing a second Master of Science degree in Disaster Management and Sustainable development amongst other professional trainings that she already has



Ms Esther Gacicio

Ms Esther Gacicio (Independent Director)

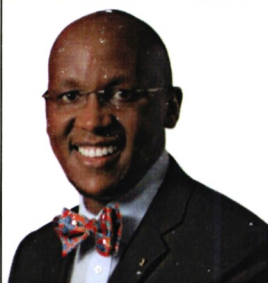
Ms Esther Gacicio was appointed as TVETA Board member on 26th June 2020. She is an Edtech Consultant & Co-Founder of eLearning Solutions (eLS), a company leveraging on digital technology to design, deliver and deploy learning and training solutions, across the spectrum; to the youth, institutions and corporates.

Esther is a former and a long serving employee of the Kenya Institute of Curriculum Development (KICD) where she rose through the ranks to Senior Assistant Director specializing in education technology. She is an

accomplished eLearning Specialist, Instructional and Curriculum Designer, Trainer/Facilitator with experience spanning over 25 years with passion for digital literacy systems and their impact in education and capacity building. Esther was involved in the development of the Competency Based curriculum (CBC) and also served as a member of secretariat for the taskforce on enhancing access, relevance, transition, equity and quality for effective curriculum reforms and implementation of CBC.

Esther holds several accolades among them Global Award for Excellence in eLearning at the World Education Congress Global and Awards 2015 as well as the 2011 Technology in Government in Africa (TIGA) Award by United Nations Economic Commission of Africa (ECA). She was a finalist at the Africa Prize for Engineering Innovation 2017/2018; a program ran by Royal Academy of Engineering United Kingdom. She is also a Metis Fellow having successfully completed the Metis Fellowship Programme in 2018. She led the KICD team in scooping an award for excellence in Service Delivery during the Kenya Public Service Day 2017 for the Kenya Education Cloud and again recognized for her excellence in public service innovation 2011 edition in "Development of Policy, Strategy and Leadership".

Esther holds Master's and Bachelor's Degrees in Education from University of Nairobi and Moi University respectively, and a Graduate Diploma in Leadership Development in ICT and Knowledge Society from the Dublin City University, Ireland. She is a trained and certified in New Learning Technologies by tele-akademia and in eLearning Technology by University of Colombo School of Computing, Colombo, Sri Lanka. She has also undergone the Strategic Leadership Development Program (SLDP) by Kenya School of Government in 2011. She is currently pursuing a doctorate degree in ICT in Education from the University of Nairobi



Dr. Davidson Mghanga Mwaisaka

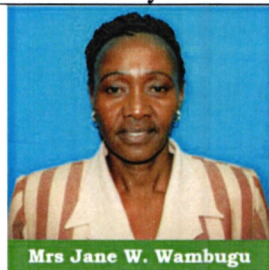
Dr. Davidson Mghanga Mwaisaka (Independent Director)

Dr. Davidson Mghanga Mwaisaka was appointed as TVETA Board member on 26th June 2020. He is a seasoned regional counsel – Advocate, Commissioner for Oaths, Notary Public, Patent Agent, Certified Company Secretary and Governance Auditor with thirteen years legal experience in private practice in Banking, Insurance, Asset Management, Investment and Property. He has practiced at Kaplan & Stratton advocates and Oraro & Company Advocates. He has also worked as Legal Manager and Assistant Company Secretary at Equatorial Commercial Bank and British American Investments Company Limited (Britam). He currently works at Standard Chartered Bank Kenya Limited as the Head of Legal, Kenya and East Africa. He holds a LLB (First Class Honours) degree from the University of Nairobi, LL.M in Trade Regulation and Commercial Law from the New York University, MBA in Strategic Management and Finance from Daystar University and a Doctorate in Business Administration (DBA) from USIU-Africa specializing in Leadership, Corporate Governance and Organizational Change. He is a member of the Law Society of Kenya (LSK), Institute of Certified Secretaries and Chartered Institute of Arbitrators, Kenya Branch



C.P.A Antony Barasa Masinde (Alternate to Principal Secretary, State Department for Vocational and Technical Training, Ministry of Education)

C.P.A Antony Masinde is a Chief Finance Officer at the Ministry of Education (State Department of Vocational and Technical Training). He holds Masters of Business Administration Degree (MBA - Strategic Management) and Bachelor of Commerce (Hons.) Degree from University of Nairobi. Mr. Masinde is CPA(K) holder of good standing and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). Mr. Masinde has over 15 years' experience as a Finance Officer in the public sector. Prior to his appointment as a Chief Finance Officer in the State Department of VTT, Mr. Masinde worked as a Finance Officer in the Ministry of Foreign Affairs.



Mrs Jane W. Wambugu

C.P.A Jane Wambugu (Alternate to Cabinet Secretary-National Treasury and Planning)

Ms Jane Wambugu was appointed Alternate to the Cabinet Secretary, National Treasury on 25th April 2017 where she is currently serving in the Directorate of Public Investment and Portfolio Management. She has served in various Government Ministries for over 20 years as a Project Accountant for World Bank, KFW and AFD donor funded projects in Energy Sector. Ms Wambugu is a holder of a Master's Degree in Business Administration (Finance), Certified Public Accountant and a member of Institute of Public Accountants (ICPAK) and Member Institute of Certified Investment Financial Analyst (CIFA).



Dr. Kipkirui Langat

Dr. Kipkirui Langat (Director General/CEO)

Dr. Langat was appointed the first Director General of TVET Authority on 30th April 2015. He has a wealth of experience from both public and private sector. He has close to 20 years' experience in TVET sector having joined Rift Valley Training Institute as Assistant lecturer in the Department of Automotive Engineering in 1996. He was promoted to a position of lecturer and appointed head of Department in 1998. He joined Eldoret Polytechnic in 2002 as a lecturer in the Department of Mechanical Engineering before being appointed Deputy Dean of students a year later. In 2004 he joined Egerton University as a lecturer in the Department of Industrial and Energy Engineering. While in Egerton University, he was instrumental in implementation and reviewing Bachelor of Industrial Technology programme where he was programme coordinator, and Examination and Timetabling officer until 2008. In 2009, he was appointed programme coordinator for Twinning Programme between Western Michigan University, USA and Egerton University. He was also among a team of experts who developed Bachelor of Technology in Mechanical Engineering and Bachelor of Philosophy in Mechanical Engineering at the Technical University of Kenya. He was a subject panel for Diploma and Higher National Diploma in Mechanical Engineering between 1999 and 2004 at Kenya Institute of Education.

In the last 10 years, Dr. Langat has been working with United Nations Environment Programme (UNEP) in developing policies and guidelines for transport emissions in East Africa Region. He was instrumental in the training of motor vehicle inspectors in Kenya and Rwanda. Since 2014, he has been advising East African Community in harmonization of standards for importation of used motor vehicles in the region. He is a member of Technical Committee on Road Transport Standards at the Kenya Bureau of Standards and a consultant for Boston Garage Equipment UK since 2007. He holds Bachelor of Education in Technology Education, Master of Philosophy in Technology Education (Automotive Technology) and Master of Business Administration (Strategic Management) all from Moi University, and Doctor of Philosophy in Engineering Systems and Management from Egerton University. He is a fellow member of Institution of Engineering Technologists and Technicians (IET) of Kenya. He has widely published in the areas of transport emissions and TVET



Ms. Sylvia Akoto

MS. Sylvia Akoto (Assistant Director-Legal Services)

Ms. Sylvia Akoto is the Assistant Director Legal Services. Ms. Akoto holds a Bachelor of Laws (LLB) Degree from Moi University, a Post Graduate Diploma in Law from the Kenya School of Law and an Executive Master of Business Administration Degree from JKUAT Ms. Akoto is an Advocate of the High Court of Kenya, Commissioner of Oaths, a member of the Law Society of Kenya (LSK) and a CS finalist currently pursuing registration with the Registration of Certified Public Secretaries Board (RCPSB) and Institute of Certified Secretaries of Kenya (ICPSK). She has an outstanding career spanning over fifteen years in legal, corporate and commercial law, compliance, corporate governance and regulatory affairs experience, obtained both in the private and public sectors.

Ms. Akoto has the responsibility of driving the Authority's corporate governance agenda, providing necessary legal advice, and support to the Board, Board Committee's and Management to facilitate effective strategy execution.

3. MANAGEMENT TEAM



Dr. Kipkirui Langat, PhD. FIETK
Director General/CEO

The Director General is the Chief Executive Officer overseeing the day to day operations of TVETA. Provides visionary leadership in the management of TVETA and is responsible for the operations of the Authority in accordance with the policies specified by the Board



Mr Fred Oanda
Deputy Director Accreditation Services

The Head of Accreditation is in charge of policies and Strategies for accreditation, he coordinates inspection, accreditation and approval of trainers, assessors, verifiers, training centres, Institutions and Programmes



Mr. Edward Mburu, MITM
Deputy Director Standards Development

The Head of Standards development is in charge of designing the process and guidelines of admission in TVET training. He leads in the process of evaluating the training systems in formal and informal sector and also Maintaining sector skills advisory committees from key industry stakeholders to facilitate occupational standards development.



M/s Josephine Kasera
Deputy Director Compliance and Enforcement

The Head of Compliance and enforcement coordinates quality audit inspection for institutions, trainers and programmes and also evaluating quality audit reports and training programmes for training providers and making recommendations.



Mrs. Bibiana Otieno
Deputy Director Outreach Services

The Head of outreach Services is in charge of organizing development programmes for capacity building and sensitization of TVET providers, coordinating development and maintenance of TVET information, education and communication (IEC) materials and coordinating dissemination of TVET research findings, regulations, standards and guidelines to TVET providers and stakeholders.



Dr. Otta Osawa
Deputy Director Research and Development

The Head of Research and Policy coordinates planning, analysing and reviewing the impact of various policies on TVET. This includes development and identification of impediments to TVET development with an objective of developing appropriate policy interventions for TVET development. In addition, the office undertakes data collection and research activities.



Timothy Nyongesa
Deputy Director Strategy and Planning

The Head of Policy and planning coordinates review and updating of the Authority's long-term strategic plans, ensuring they are aligned to the National and International TVET policies and measuring performance of their implementation. In addition, the office coordinates the development and review of performance contracts as well as monitoring and evaluation activities of the Authority.



CPA Emmanuel Korir
Assistant Director Finance and Accounts

The Head of Finance and Accounts develops and reviews financial policies and procedures to enhance internal controls as well as ensuring compliance with relevant laws, regulations and procedures in management of financial resources, the office also prepare financial reports to management and advising on financial implications and consequences of management decisions



CPA David Njoroge
Internal Auditor

The Head of internal Audit develops and ensures implementation of Audit strategies, policies and procedures, prepares risk based annual audits and evaluates progress and effectiveness of action taken to implement audit recommendations received from both internal and external audits.



MS. Sylvia Akoto (Assistant Director-Legal Services)

The head of legal services has the responsibility of driving the Authority's corporate governance agenda, providing necessary legal advice, and support to the Board, Board Committee's and Management to facilitate effective strategy execution.

4. CHAIRPERSON'S STATEMENT

The Technical and Vocational Education and Training Authority (TVETA) is now in the sixth cycle of annual financial reporting which it has judiciously done in the previous five cycles. This confirms our commitment to operate within the prevailing financial management framework. It is therefore with great pleasure that I present the sixth annual report and financial statements of the Authority for the year ended 30th June 2021.

Whereas our efforts in the previous years were in providing a suitable working environment in our Nairobi offices, the financial saw us make efforts to get our services closer to the people. This was through establishment of three regional offices in Kisumu, Eldoret and Mombasa. It is our hope that the public will be served more cost effectively through the offices apart from using the MIS operationalized in the previous year.

Establishment of the regional offices went hand in hand with increasing our staff strength through recruitment of additional staff. We expect closer cooperation with training institutions and heightened surveillance to ensure compliance with and enforcement of training standards. The Board also got three new members who were competitively recruited to replace those whose tenure had ended. Generally, our governance and management systems have been further strengthened by attainment of ISO 9001:2015 Quality management system certification.

The Authority has demonstrated its ability to deliver its core mandate and will continue doing so through continuous improvement. It is in that spirit that the Management Information System (MIS) was upgraded to make the process of accreditation of trainers more efficient. Other initiatives that were done include capacity building, provision of the necessary support equipment and a conducive work environment.

To ensure compliance with the provisions of the constitution on public participation, the Authority has ensured stakeholder engagement especially in standards development and policy developments and shall endeavor to sustain these engagements in future to ensure that the standards and the policies developed meet the needs of the stakeholders. The authority is proud to report that it completed mapping out of training standards for the various sectors of our economy to guide in the development of the occupational standards that are relevant to needs of the Labour market.

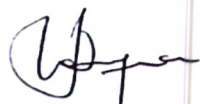
The targets in the performance contract are linked to annual work plans developed which are derived from the strategic plan. The targets set in these working documents are the basis for annual staff appraisal while the board continues to be guided by Mwingozo Code of Conduct and the developed Board and Committee charters.

TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY
Annual Reports and Financial Statements
For the year ended 30 June 2021

Pursuant to our corporate vision, we continued to implement our Strategic Plan 2018 – 2022 (Rev. 2019) under the four strategic pillars. Under the quality and relevance pillar, we continued with development of training standards; accreditation of TVET institutions and trainers; and undertaking of compliance and enforcement audits. Under access and inclusivity, we pursued a number of activities to strengthen the organizational capacity of TVET providers, and capacity built TVET providers to enhance the capacity of county governments in TVET development. To strengthen governance and management, we attained ISO 9001:2015 Quality management system certification. Under the last pillar of funding and financing, we were able to complement our allocation from the National Treasury through collection of A-i-A.

It is gratifying to note that the Authority has recovered from the effects of restrictions due to Covid-19 protocols and was able to achieve all its set targets within the year. Nevertheless, we shall sustain the efforts made to comply with the Ministry of health Covid-19 protocols.

On behalf of TVETA Board of Directors and staff, I express my sincere gratitude to the Government of Kenya, The Ministry of Education, our development partners and all the stakeholders for the support they have given us during the period ended 30th June 2021.



Prof. Ahmed Ferej
On behalf of the Board of Directors

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Technical and Vocational Education Training Authority (TVETA) will always demonstrate appreciation for the support provided by the Government and development partners by preparing and submitting accurate and timely financial reports. It is thus my pleasure to present the sixth Annual Report and Financial Statements for the period ended 30th June 2021. The Authority's efforts during the reporting period were geared towards the realization of its strategic plan (2018-2022), operationalization of regional offices, accreditation of TVET institutions, programs & trainers, development of training standards, enforcing TVET policies, outreach activities, and sustaining collaborations and partnerships

Operationalization of regional offices

Following our strategic intention and advice from the Public Service Commission in its report on values and principles of public service to take services closer to the people, the Authority established three regional offices in Kisumu, Eldoret and Mombasa. Suitable office space identified and renovations undertaken at a cost of Kshs 15,137,052 for the three offices. We were also able to procure furniture for the offices.

Staff Capacity

During the year there were several capacity building activities carried out to enhance capacity of the staff to effectively and efficiently carry out their roles. Further, eleven (11) new staff were recruited to ensure operationalization of regional offices thus bringing the staff strength to 66 against an approved establishment of 140.

Board Evaluation

The TVETA Board undertook review of their performance over the year and went through annual evaluation by State Corporations Advisory Committee (SCAC). This is to ensure compliance with Mwongozo code of Governance for state corporations.

Accreditation of institutions, programs and trainers

To further the Authority's core mandate, we undertook inspection of 414 TVET institutions for registration and licensing leading to a cumulative of 2,624 inspected institutions. During the same period 390 institutions were licensed leading to a cumulative of 2,277 accredited TVET institutions in the country. We were also able to accredit 2,640 TVET trainers in the year. The Accreditation process was largely supported by the roll out of the TVET MIS which was fully rolled out in the reporting period.

Quality assurance of TVET

Training standards are the basis for quality assurance. The Authority undertook mapping of TVET standards as documented in the National TVET Standards Kenya Report 2020. In addition, 8 existing training standards were reviewed in line with the Gap analysis report. We were also able to undertake quality audit of 368 institutions to confirm compliance with set training standards. During the year, surveillance of 265 institutions was undertaken to assess compliance to Covid-19 protocols as they prepared to re-open. Three hundred (300) TVET institution managers were also trained on the use of our new on-line registration system to ensure its adoption and use so as to limit contact between headquarter staff and institutions' users.

Research and Development

To provide a forum for effective dissemination of research findings in the Kenyan TVET system, the Authority published the Kenya Journal of TVET.

ISO 9001:2015 9001:2015 Quality management system Certification

The Authority attained ISO 9001:2015 9001:2015 Quality management system certification after reviewing its Standard Operating Procedures (SOPs) and undertaking both internal and external audits.

Financial performance

During the period under review, **Kshs 290 M** was disbursed to TVETA by the National Treasury and the Authority generated **Kshs 28.35 M** as A-I-A being **Kshs 21.66** from accreditation fees and **Kshs 6.68** from donor support through proposals submitted as part of fund-raising activities. Total revenues stood at **Kshs 318.35 M** of which **Kshs 297.09 M** was absorbed hence attaining **93%** utilization. It is gratifying to report that the Authority does not have any pending bills from the reporting period and this will be sustained.

I want to thank the Board of Directors for their wise counsel, timely guidance and decision making that enabled us to deliver these impressive results despite the restrictions occasioned by the COVID-19 pandemic.



Dr. Kipkirui Langat, PhD. FIETK

DIRECTOR GENERAL/CHIEF EXECUTIVE OFFICER

6. STATEMENT OF AUTHORITY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FY 2020/2021

The Technical and Vocational Education and Training Authority (TVETA) has 4 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Quality and Relevance;
- Pillar 2: Access and Inclusivity;
- Pillar 3: Governance and Management;
- Pillar 4: Funding and Financing;

TVETA develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. TVETA achieved its performance targets set for the FY 2020/2021 period for its 4 strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Quality and relevance	To enhance TVET quality and relevance	Percent completion of register of training standards	Review the existing TVET standards and conduct gap analysis	Gap analysis report prepared
			Conduct a stakeholder's workshop to identify priority training standards requirements	Virtual stakeholders' workshop held
			Develop a register of training standards	National TVET Standards Kenya Report 2020 100% completed
		No. of existing training standards reviewed	Review existing training standards in line with the Gap analysis report	8 existing training standards reviewed
		Percent completion of development of handbook for minimum Standard and Guidelines for accreditation of TVET institutions in line with Covid-19 Protocols	Drafting	Handbook drafted
			Validation	Online stakeholder engagement done
			Stakeholders' inputs	Handbook 100% completed
			Draft at least 5 standards	5 standards drafted

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		No. of training standards developed	Stakeholder inputs Validated/New standards	Online stakeholder engagement done 5 standards validated
		No. of TVET institutions accredited	Carry out inspection of 400 TVET institutions Accredit 300 inspected institutions	414 TVET institutions inspected 390 inspected institutions accredited
		No. of TVET trainers accredited	Accredit 2500 trainers	2640 trainers accredited
		No. of TVET institutions quality audited	Quality audit 350 TVET institutions	368 TVET institutions quality audited
		No. of institutions monitored to assess compliance to Covid-19 protocols	Monitor 250 institutions	265 institutions monitored
		No. of institution managers trained on the use of a new on-line registration system to ensure its adoption and use so as to limit contact between headquarter staff and institutions users	Train 300 institution managers on the use of a new on-line registration system	330 institution managers trained on the use of a new on-line registration system
		Percent completion of comprehensive quality audit report	Prepare and disseminate comprehensive quality audit report	Comprehensive quality audit report prepared 100% and disseminated through Council of Governors (C.O. G)
	Institutionalise Quality Assurance	No. of Internal Quality Assurance (IQA) officer's capacity built	Capacity build 400 IQA officers	491 IQA officer's capacity built
Pillar 2: Access and inclusivity	Strengthen the organizational capacity of TVET providers	No. of training modules developed	Develop 3 Leadership and Management modules	3 modules developed (Student leadership, HODs & Gender mainstreaming)

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		No. of VTC managers capacity built	Facilitate training for 300 VTC managers	300 VTC managers capacity built
	Publish the Kenya Journal (KJ) of TVET	Inviting papers for publication in the KJ of TVET	Invite papers for publication	Invitation for papers made through national dailies
		Launch the Kenya Journal (KJ) of TVET	Launching ceremony	KJ of TVET launched
Pillar 3: Governance and management	To Strengthen governance and management	ISO 9001:2015 Quality management system certification	Review of SOPs	SOPs reviewed
			Internal ISO audits	2 audits undertaken
			ISO certification	ISO 9001:2015 Quality management system certified
		No. of Regional Offices established	Establish 3 regional offices	3 regional offices established in Mombasa, Kisumu and Eldoret
		No. of staff recruited	Recruit 15 staff	11 staff recruited
		No. of internal policies developed	Develop 3 internal policies	3 internal policies developed
		Enhanced use of ICT	Upgrade Management Information System (MIS) and Enterprises Resource and Planning System (ERP)	MIS and ERP upgraded to improve trainer accreditation
Pillar 4: Funding and Financing	To Mobilize financial resources for the Authority	Amount collected as A-i-A	Collect Kshs 25M from registration of TVET institutions	Kshs 21.6M collected from registration of TVET institutions Kshs 6.68 from donor support through proposals submitted as part of fund-raising activities

TVETA has been on performance contract (PC) since FY 2015 – 2016. Just like in the previous financial years, the PC for FY 2020/2021 was used as a tool to implement our strategic plan by capturing the targets as set. All the quarterly performance reports were submitted after discussion by the Board. The Authority has recovered from the effects of restrictions due to Covid-19 protocols and was able to achieve all its set targets. However, recruitment of four (4) Directors was postponed due to inadequate funds.

7. CORPORATE GOVERNANCE STATEMENT

TVETA Board is committed to conducting business in an ethical, fair and transparent manner in accordance with high standards of corporate governance. The Board, together with the management team, leads by example. We have a robust corporate governance framework in place and we are committed to fostering a culture of compliance that values personal and corporate integrity, accountability and continuous improvement.

Corporate governance framework includes:

- An engaged Board of directors with a diverse range of skills and experience supported by an effective Board Committee structure.
- Clear and transparent communication with our stakeholders.
- Strong risk management and assurance processes and culture.
- Our values and behaviours and supporting policies that underpin the way we perform and meet our strategic objectives

As Boards continue facing a complex new reality as a result of Covid-19, The Head of Public Service issued a circular to support conduct of Board meetings through video-conferencing & other audio-visual means in view of the difficulties arising due to resurgence of COVID-19. Further, TVETA Board has been actively formulating policies and regulations to minimize the impact of COVID-19 in the sector.

The Role of the Board

The Board provides leadership and strategic direction of the Authority. The main responsibilities of the Board are:

- (i) Establishment of the short and long-term goals of the Authority and strategic plans to achieve those goals
- (ii) Approval budgets, and review of annual budgets and funding plans
- (iii) Risk management and compliance by ensuring adequate systems of internal controls are in place
- (iv) Review of financial performance, expenditure and commitments
- (v) Setting and periodically reviewing organisational key performance indicators as well as management performance to effectively discharge this role
- (vi) Overseeing executive succession planning
- (vii) Monitoring the effectiveness of the company's governance practices including overseeing reporting and engagement as well as compliance with the authority's continuous disclosure obligations.

Board Size, Composition and Appointment

Section 8(1) of the TVET Act provides for the appointment of a nine-member Board as the governing organ of Authority with the following composition:

- a) a chairperson
- b) the Principal Secretary in the Ministry responsible for finance;
- c) the Principal Secretary in the Ministry responsible for technical and vocational education and training;
- d) the Chief Executive of the Fund
- e) five persons who have proven knowledge and experience in technical and vocational education and training, legal and financial matters of whom at least two and not more than three shall be of the same gender.

The current Board comprises nine [9] members; the Chairman, five [5] independent directors as per section 8(1)(e) of the TVET Act and two [2] directors representing the CS National Treasury and PS State Department for Vocational and Technical Training as well as the Director General. The gender parity status between the female and male is well above the 30% gender equity threshold.

As is practice, the Board is generally constituted considering sector requirements, age, gender, diversity of skills, academic qualifications and experience needed to help the Authority achieve its goals and objectives. Six of the current members of the Board, including the Chairman, are independent. The Board has been operating with eight members since the TVET Funding Board has not yet been operationalized.

Board Charter

The Board Charter is critical to the Authority's governance framework, and offers guidance on matters including but not limited to the following; The separation of the roles, functions, responsibilities and powers of the Board and its individual members; Powers delegated to the Board committees; Matters reserved for final decision-making and approval by the Board; Policies and practices of the Board on matters of corporate governance, Directors' declarations and conflict of interest, conduct of Board and Board committee meetings; Nomination, appointment, induction, ongoing training and performance evaluation of the Board and its Committees

The Charter is not a substitute or a replacement of any laws and regulations that govern the running of the Organization.

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Board Meetings

The Board meets regularly as required to efficiently monitor the implementation of the Authority's planned strategy and approve issues of strategic nature. Specific reviews are also undertaken on operational issues and future planning. During the year under review, the Board held the respective meetings as summarised below

Name	Board Position	Full Board	Finance & General	Technical	Audit & Risk	Other meetings
Prof. Ahmed K. Ferej	Chairman	12/12	-	-	-	9
Mr. Sammy Milgo	Independent Director	12/12	-	6/6	5/5	9
Mr. Burua Sanga	Independent Director	12/12	10/10	-	-	9
Ms. Susan Aletia	Independent Director	11/12	-	-	5/5	6
Ms. Esther Gacicio	Independent Director	12/12	10/10	6/6	-	
Dr. Davidson Mwaisaka	Independent Director	12/12	4/10**	6/6	5/5	9
CPA. Jane Wambugu	Alternate to CS National Treasury	12/12	9/10	-	5/5	8
CPA. Anthony Masinde	Alternate to PS- VTT)	09/12	8/10	5/6	-	6
Dr. Kipkirui Langat	Board Secretary	12/12	10/10	6/6	3/5**	9
Mr. Victor Momanyi	Representative- ISC	05/12**	3/10**	3/6**	2/5**	1

The above table shows the number of meetings attended by individual Board members out of the total number of meetings held.

** Indicates meeting attendance by the member was on invitation and is not a member of the committee

Board Committees

The Board has three standing Committees that play an important role in assisting the Board perform its role and discharge its responsibilities. As at the date of this statement, the following Committees assist the Board by focussing in more detail on specific areas of the Authorities operations and governance framework:

- i. Technical Committee
- ii. Audit and Risk Committee
- iii. Finance and General-Purpose Committee

The Board Committees, generally, review matters on behalf of the Board and refer matters to the Board for decision with a recommendation from the Committee. The Committee papers are circulated to the Board members

Board Remuneration

During every Board meeting, present Board members are entitled to a sitting allowance, lunch allowance (in lieu of lunch being provided), airtime allowance (for virtual meetings) accommodation allowance and transport allowance where applicable within government set limits for State Corporations. Members are also paid such taxable allowance as approved by the Cabinet Secretary for Education, State Corporations Advisory Committee (SCAC) and the Salaries and Remuneration Commission (SRC) when on official duty in and outside the country. In addition, the Chairman is paid a monthly honorarium.

Below is individual Board remuneration;

	NAME	Remuneration (Kshs)
1	Prof. Ahmed Ferej	2,708,400
2	Ms. Jane Wanjiru Wambugu	1,537,600
3	Mr. Sammy Milgo	1,888,860
4	Mr. Burua Shumaa Sanga	2,450,900
5	Mr. Victor Momanyi	931,200
6	Mr. Anthony Masinde	1,582,600
7	Dr. Davidson Mwaisaka	1,798,400
8	Ms. Susan Aletia	1,606,900
9	Ms. Esther W. Gacicio	1,940,600
10	Dr. Julius Jwan	298,400
	Total	16,743,860

Board Evaluation and Performance

The Board conducts an annual evaluation to assess its effectiveness in discharging its mandate. The process entails a self-evaluation for each director, evaluation of the Chairman to the Board on the overall Board interactions and conduct of business meetings and evaluation of the Chief Executive Officer. During the year, a Board evaluation exercise was carried out and it was conducted by the State Corporations Advisory Committee (SCAC).

Succession Planning

As part of its annual review, the Board continues to consider Board succession. The Board's succession plan is focused on continually identifying suitable candidates for future appointment to the Board, having regard to the Board's current skills mix and desirable future skills, so that the Board remains proactive and renewal scheduled to end at different times to ensure continuity.

Conflict of Interest

All Directors are required to inform the Board of any conflicts or potential conflicts of interest they may have in relation to particular items of business; and they are required to absent themselves from discussion or decisions on those matters, unless resolved otherwise by the remaining members of the Board; The Authority maintains a conflict of interest register which is made available in every meeting.

Ethics and Code of Conduct

TVETA recognises the important role ethical standards plays in organisational growth and development. Directors and employee are expected to act with honesty, integrity and fairness in all their dealings with one another and with stakeholders. TVETA has a code of conduct that binds both directors and employees. The Authority collaborates with Ethics and Anti-Corruption Commission (EACC) to entrench the culture of ethics in all its undertakings. Besides, the ongoing implementation of the Mwongozo Code of Governance for State Corporations is a significant step towards deepening corporate governance, professionalism, ethics and integrity in management of TVETA affairs.

Board Induction and Training

Board members undergo regular training and education to enable them fulfill their responsibilities. Upon appointment, individual Board members are taken through an induction process organized by the Sate Corporations Advisory Council (SCAC).

During the year the Board undertook various trainings as follows;

- a) Board Induction for new Board of Directors, the training was conducted by the Kenya School of Government.
- b) Corporate governance Training facilitated by Centre for Corporate Governance.
- c) The Board also undertook stakeholder engagement fora across TVET Institutions in the country.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The achievements are presented based on performance of various departments of the Authority;

- i. Accreditation
- ii. Compliance and enforcement
- iii. Standards development
- iv. Outreach services
- v. Planning and strategy
- vi. Research and development
- vii. Governance and Management (Corporate service)

i. Accreditation services

To ensure and assure quality in TVET training, in the reporting period the Authority carried out accreditation as tabulated below;

Particulars	FY 2020/2021	Cumulative to 30th June 2021
Assessment of Institutions for registration and licensing	414	2,624
Institutions licensed	390	2,277
Accreditation of trainers	811	2,640
Accreditation of CBET In-Service curricular	223	411

The Authority also evaluated nominees for Council and Board of Governors for appointment by the Cabinet Secretary as per the requirements of the TVET Act 2013.

The register of the accredited trainers and approved CBET curricula are available on the Authority's website www.tveta.go.ke

ii. Compliance and enforcement

In the Financial Year 2020/2021, the PC required the Compliance and Enforcement Department to conducting Quality Audits in 350 TVET institutions and Monitoring COVID 19 preparedness in 250 institutions.

The Department audited **82** and monitored **202** institutions for COVID-19 compliance in QTR 1 and 2, and quality audited **65** TVET institution in QTR 3 and **109** in QTR 4.

Cumulatively Quality Audit was carried out in **256** institutions and assessment for COVID 19 preparedness in **202** institutions in the FY 2020-2021

Distribution of Institutions Quality audited per category

Category	Q1		Q2		Q3		Q4		Total
	Public	Private	Public	Private	Public	Private	Public	Private	
TVC	0	0	6	10	5	16	20	12	69
VTC	0	0	66	0	44	0	74	3	187
Total	0	0	72	10	49	16	94	15	256

Distribution of Institutions assessed for COVID-19 preparedness

Category	Q1		Q2		Total
	Public	Private	Public	Private	
National Polytechnic	7	0	3	0	10
TVC	50	39	17	22	128
VTC	0	0	63	1	64
Total	57	39	83	23	202

iii. Standards development

To enhance access and equity, the Authority developed the following standards to ensure quality training:

- a) Training standards for TVET Principal /Manager: The standard guides the curriculum developers in designing a program for Managers of institutions to ensure good leadership in TVET Institutions. It can also be used to develop a job description for the post and scheme of service.
- b) Training standards for TVET Technical Instructor: The standard guides the curriculum developers in designing a program for Technical Instructors. Technical Instructors main role is to support the trainers especially in practical training of students in the workshops and laboratories, and assist in conducting assessment. The standard can be used to prepare their job description and scheme of service. A Technical instructor must have at least a craft certificate level 5.
- c) Training standards for Trainer/Assessor: The standard guides the curriculum developers in designing a program for Trainer/Assessor. The trainer/assessor provides training and assess trainees in both theory and practical work. The standard can be used to prepare job

description and scheme of service for a trainer/assessor. The minimum entry qualification for a trainer/assessor is a Bachelor's Degree KNQF level 7.

- d) Training standards for TVET Internal & External Verifiers: The standard guides the curriculum developers in designing a program for internal and external verifiers. The verifier counterchecks assessment done by the assessor to ensure quality during evaluation of CBET assessment. It can also be used to prepare job description and scheme of service for a verifier and assessor. They have similar minimum entry qualification as a trainer.
- e) Entrepreneurship training standards for level 4-6: The standard guides the curriculum developers in designing a program for persons who want to become entrepreneurs. These standards aim at equipping trainees undertaking other CBET programs like masonry, carpentry among others, with knowledge and skills to help them start businesses in their areas of specialization.
- f) National regulatory standards for development of CBET assessment tools: The standard is designed to assist assessment body and assessors to develop practical assessment tools that meet the requirements of the CBETA requirements and guidelines and evaluate trainee competencies to ensure that they meet the industry/ workplace requirements.
- g) National regulatory standards for CBET Assessment Centre requirements and guidelines: The standard provides the minimum requirements for CBET assessment centres. Specifically, it is designed to support TVET Institutions and industry to provide suitable resources and facilities for CBET assessment that meet the requirements of the CBETA and PLAR requirements and guidelines on physical assessment and e-assessment requirements.

iv. Outreach services

To strengthen the organizational capacity of TVET providers; the Authority undertook the following activities;

- a) leadership, quality management and governance training workshop for council members, board of governors and principals the recommendations from the Leadership, Management and Governance were;
 - The idle equipment in some TVCs.
 - Inadequate training staff
 - Accessibility of HELB by private TVET institutions and placement of trainees by KUCCPS in private TVET Institutions.

- Integration of soft skills into the RPL
 - The existing disconnect between TVET pathways and the universities.
 - Accessibility of TVET by PWDs trainees especially the dumb and deaf.
 - Universities offering artisan and diploma courses.
- b) Conducting capacity building workshops for 400 TVET Internal Quality Assurance Officers (IQAQO). The objective of the trainings is to build the capacity of the TVET IQA Officers to establish, implement and monitor a robust Internal quality assurance system in the TVET institutions. This is geared towards institutionalization of quality assurance in all the TVET institutions. The participants are drawn from public institutions in line ministries and private TVET
- c) County managers training, the Authority managed to train 167 managers in the Financial year as opposed to 300 in the performance Contract. A major challenge being funding from the county Governments as the training is cost shared. TVETA pays for facilitation while the County provides venue and meals. The Authority hopes to get funding from development partners in the next financial year to assist the training programmes take off at county level.

v. Strategy and planning

The department of planning and strategy is responsible for aligning internal policies with national, regional and international TVET policy frameworks; developing and reviewing TVETA strategic plan; coordinating performance contracting within the Authority; preparing and submitting performance contract reports to relevant agencies; mobilizing resources for development of training; monitoring and evaluating TVETA performance; and preparing the risk profile of TVETA including mitigation measures

Achievements under the various outputs were as follows;

- a) Preparation of mid-term implementation report of Strategic Plan;
- b) Coordination of performance contracting activities from drafting, negotiation, vetting and reporting;
- c) Coordination of development of three internal policies (procurement, road safety mainstreaming and ADA); and
Coordination of corporate risk management

vi. Research and development

The Authority through the department of Research and development undertook the following activities during the FY 2020/2021:

1. Developed KJ-TVET Editorial Board Policy
2. Conducted three research activities, where online questionnaires were used for data collection for all the studies:
 - Status of online training in Kenyan TVET institutions
 - Baseline study on alcohol and drug abuse among TVET staff
 - Skill levels demand and Employer Satisfaction with Quality of TVET Graduates

The analysis of data and report writing for the first two research projects were completed while data collection for the third project is ongoing.

3. Published Volume 4 of the KJ-TVET

Some of the activities that were undertaken during the publication process of the KJ-TVET Journal included:

- Meetings of Editorial Board members;
- Adverts on call for abstracts and research papers;
- Peer review of submitted abstracts and papers;
- Editing and Printing of Journal

vii. Governance and management

(a) mobilization of financial resources

- i. GOK Grants:** The Authority was able to negotiate for GOK budgetary support FY 2020-2021 through the annual budget process, the funds allocated was Kshs **290M** and Kshs **290M** was disbursed.
- ii. Appropriation in Aid:** The Authority's projected collection was Kshs **25M**. Actual collection was Kshs. **21.66M** from accreditation and capacity building fees.
- iii. Strengthening engagement with development partners:** The Authority was able to raise **Kshs 6.69 M** through collaborations with development partners. The projects that were being supported by development partners as follows;

BEAR II project

Better Education for Africa's Rise II project (Bear II) is a joint initiative of UNESCO and the Republic of Korea and five East African Countries to improve the relevance, quality and Perception of their TVET systems, in the year under review;

The Technical Vocational Education and Training Authority (TVETA) was to undertake the following tasks and competitions

- a) Creating linkages with institutions and industries;
- b) Mobilizing communities and companies to participate in World Skills Kenya
- c) Strengthening the capacity of key stakeholders to participate in National skills
- d) Providing documentation before, during and after the skills competition;
- e) Conducting two monitoring and evaluation field visit during the preparation for skills
- f) Organize a National pilot skills competition in mechatronic
- g) Providing narrative and financial reports as per the schedule

ILO BUSY project,

The main objective of this project will be to develop training packages for the four pre-apprenticeship programs that were widely offered in the counties of Kilifi, Kitui and Busia (Motor Vehicle Mechanics, Tailoring and dressmaking, Food production, Welding and Fabrication, and Hairdressing and Beauty Therapy). The Specific objectives of the project will be to;

- a) Develop structured training manuals for the four pre-apprenticeship programs
- b) Harmonize the skills acquired by the trainees at the pre-apprenticeship level
- c) Provide clear objectives to be achieved at every level of training
- d) Provide guidelines on assessment to be conducted at various stages of pre-apprenticeship training

(b) Compliance with statutory requirements

The Authority complied with statutory requirements through preparation and submission of budgets, Quarterly and annual reports to various state agencies such as the Gender and equality commission, EACC, PPRA and NCPD, preparation and submission of procurement plans, remission of taxes to KRA, regular financial reporting and availing all records for auditing.

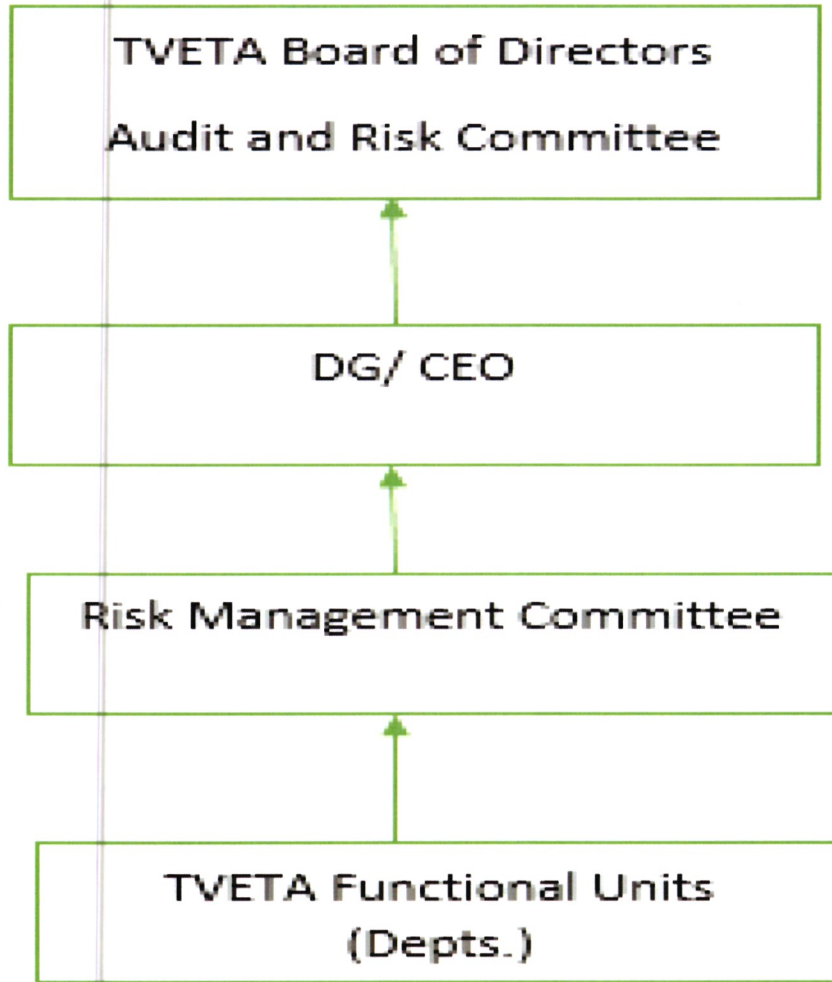
(c) Major risks facing the organisation

The Authority has aligned its risk management framework to ISO 31000 international risk management standard which ensures that both strategic and operational risks are identified, managed and reported consistently in order to achieve the strategic objectives. The Authority has continuously embedded risk management in all operations, systems and processes, so that our response to risk remains current and dynamic. During the year, operational risks, strategic risks and emerging risks were assessed, evaluated, monitored and mitigation measures put in place.

On a Quarterly basis the Risk Committee presents to Audit and Risk Committee of the Board strategic risks and the mitigation measures put in place. The Audit and Risk Committee of the board evaluates the strategic risks presented to determine the impact of the residual risks as well as review the effectiveness of mitigation measures already implemented or proposed by management. The resolutions of the Audit and Risk and Committee regarding management efforts in mitigation of risks are thereafter reported to the board of directors. The Board resolutions guide on the improvement of the risk management strategies within the Authority. The Authority has also embraced Risk Based Auditing in its Internal Audit department. Internal Audit department prepares annual Internal Audit work plans based on the risks assessed and identified in the organization. Through these risks based annual work plans, the department is able to provide assurance to the Board that annual and strategic objectives will be achieved.

During the financial year ending 30th June 2021, functional areas have strived to continuously identify, analyse, treat, monitor and communicate risks associated with all activities or processes to enable the authority minimize on losses and maximize on opportunities. Among the uncertainties encountered in the FY 2020-2021, the COVID-19 pandemic in the country continues to be the greatest threat to the Authority's strategic objectives. However, the Board has put in place several mitigation measures that successfully guaranteed continuity of service delivery amidst the pandemic key among these being role out of the TVET MIS and establishment of three regional offices in Mombasa, Kisumu and Eldoret.

Risk Management Structure



9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Mandate of the TVET Authority (TVETA) is to coordinate and regulate TVET in Kenya through registration, licensing and accreditation of TVET institutions, programmes and trainers, and the implementation of National Assurance System for the development of competent workforce.

To realize this mandate, TVETA will continue engaging all relevant stakeholders which include Government Ministries, Universities, TVET Institutions, Industry and Development partners among others to operationalize the TVET Act, 2013 and subsequently facilitate achievement of its objectives in Technical and Vocational Education and Training.

i. Employee welfare

The Authority has endeavored to continuously develop and improve staff skills and competences through trainings. This is done by undertaking a Training Needs Assessment for all staff and implementing the training needs over a period of time. TVETA also undertakes Annual Staff Performance Appraisal for all its staff and the various recommendations given are implemented. TVETA has complied with the OSHA Act of 2007, this has been done through incorporating the Act in our Human Resource Manual, putting up in place a Health and Safety Committee who oversee and ensure that the organization complies with all the health and safety measures required in the Act. We have also gone ahead to procure of a GPA/WIBA and Group Accident cover for all staff. The Authority also organized with the Ministry of Health to have its staff vaccinated against COVID-19 Pandemic. Majority of the staff have so far been vaccinated.

ii. Market Place Practises

The Authority being a responsible corporate citizen maintains good business practices, treats suppliers responsibly by honoring contracts and respecting payment practices, this includes;

- a. The Authority reserved 30 % of the value of total procurement tenders for youth, women and persons with disabilities during the financial year 2020-2021.
- b. From total procurement budget, two percent (2%) was set aside for persons with disabilities
- c. The Authority submitted reports to Public Procurement Regulatory Authority, National Council for Persons with Disabilities, Ministry of trade and Industrialization and Ethics and Anti-corruption Commission quarterly and bi-annually
- d. The Authority allocated 40% of the procurement budget to promotion of local content.
- e. The Authority strengthened the function of Procurement in automating the processes by installing the Electronic Resource Planning System, and reviewing its procurement policy.

iii. Corporate Social responsibility/Community engagements

The Authority identified Kipsinende Technical and Vocational College located at Fort-ternan, Kipkelion West Constituency in Kericho County as the site for a tree planting exercise in Pursuant to the Presidential Directive on accelerated attainment of 10% National tree cover by 2022 and as part of the Authority's Corporate Social Responsibility for the 2020/21 Financial Year.

Authority staff also contributed to the COVID-19 National kitty in support of the Government towards reducing the impact of the pandemic on the Kenyan people

10. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the Technical and Vocational Education and Training Authority's affairs.

Principal activities

The principal activities of the Authority are as outlined in Section 7 of the TVET Act, 2013 and include to:

- i) Regulate and coordinate training under TVET Act, 2013
- ii) Inspect, register and license training institutions;
- iii) Accredite and inspect programmes and courses;
- iv) Assure quality and relevance in programmes of training;
- v) Prescribe the minimum criteria for admission to training institutions and programmes to promote access, equity and gender parity.
- vi) Collect, examine and publish information relating to training;
- vii) Determine the national technical and vocational training objectives;
- viii) Recognize and equate qualifications awarded by local or foreign technical and vocational education institutions' in accordance with the Standards and guidelines set out by the Authority from time to time;
- ix) Undertake, or cause to be undertaken, regular monitoring, evaluation and inspection of training and institutions to ensure compliance with set standards and guidelines;

Results

The results of the entity for the year ended June 30, 2021 are set out on pages 1 to 22

Directors

The members of the Board of Directors who served during the year are shown on page v to vii

Dividends/Surplus remission

The Authority did not make any surplus in form of profit during the year (FY 2020/2021) but had a saving from grant and hence no remittance to the Consolidated Fund. The Same is proposed to be utilized to finance the Authority's capital budget FY 2021/2022.

Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Dr. Kipkirui Langat PhD. FIETK
Director General/CEO

Date: 22nd September 2021

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act*), require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

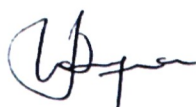
The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act cap 446. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2021, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The *entity's* financial statements were approved by the Board on 22nd September 2021 and signed on its behalf by:



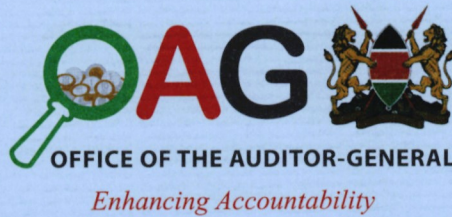
Chairperson of the Board



Director General/CEO

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Technical and Vocational Education and Training Authority set out on pages 1 to 20, which comprise the statement

Report of the Auditor-General on Technical and Vocational Education and Training Authority for the year ended 30 June, 2021

of financial position as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory notes in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Technical and Vocational Education and Training Authority as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

Employee Costs

The statement of financial performance reflects employee costs of Kshs.118,515,359 whose further details are provided at Note 8 to the financial statements. However, reconciliations between the monthly payrolls and the monthly payments to employees revealed an unexplained and unreconciled variance of Kshs.20,780,750.

In the circumstances, the accuracy and completeness of the reported employee costs of Kshs.118,515,359 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Technical and Vocational Education and Training Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else

has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Field Inspections by the Board

The Authority's Board members were involved in the quality assessment of Technical and Vocational Education and Training institutions alongside the technical officers during the year under review. A total of Kshs.3,980,790 was paid to the Board Members being subsistence and sitting allowances during the exercise. However, Section 1.22.1 of the Code of Governance for State Corporations (Mwongozo) provides that the role of the Board should be clearly separated from that of the Management. In addition, Circular No. OP/CAB.9/1A dated 11 March, 2020 provides that field inspection visits as well as international engagements are an executive function that fall in the domain of the executive team led by the Chief executive Officer. The Board's involvement should be minimized since the executive team or the Board's Internal Audit team bring up required reports to the board

In the circumstances, it could not be confirmed that the expenditure of Kshs.3,980,790 was a proper charge to public funds.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition, to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Authority's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 September, 2022

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13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020-2021 Kshs.	2019-2020 Kshs.
Revenue			
Revenue from non-exchange transactions	6	296,688,516	247,567,413
Revenue from exchange transactions	7	21,663,727	28,892,056
Total revenue		318,352,243	276,459,469
Expenses			
Employee Cost	8	118,515,359	102,886,198
Board expenses	9	18,826,533	15,880,714
Depreciation and amortization expense	10	22,714,390	10,988,615
Repairs and Maintenance	11	5,263,862	6,465,456
Contracted Professional Services	12	20,515,283	16,608,866
Accreditation, quality assurance & Standards	13	57,092,658	53,204,679
Administration expenses	14	54,163,479	57,477,348
Total expenses		297,091,563	263,511,876
Surplus/(Deficit) for the period		21,260,680	12,947,593

The notes set out on pages 6 to 22 form an integral part of these Financial Statements

Director General



Dr. Kipkirui Langat

Date: 22/09/2021

Head of Finance

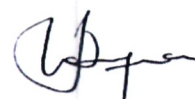


Emmanuel Korir

ICPAK No:9271

Date: 22/09/2021

Chairman of the Board



Prof. Ahmed Ferej

Date: 22/09/2021

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14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020-2021 Kshs.	2019-2020 Kshs.
Assets			
Current Assets			
Cash and cash equivalents	15	50,683,374	52,988,463
Receivables from exchange transactions	16	230,000	1,274,288
Total Current Assets		50,913,374	54,262,751
Non-current Assets			
Property, plant and equipment	17	144,292,886	95,536,522
Intangible Assets	18	11,729,920	14,662,400
Total No-Current Assets		156,022,806	110,198,922
Total Assets		206,936,180	164,461,673
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	39,696,034	18,482,207
Total Current Liabilities		39,696,034	18,482,207
Total liabilities		39,696,034	18,482,207
Net Assets			
Accumulated surplus	20	16,281,618	15,470,643
Capital reserves	21	150,958,527	130,508,822
Total Net assets		167,240,145	145,979,465
Total Net assets and liabilities		206,936,180	164,461,673

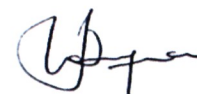
The Financial Statements set out on pages 1 to 22 were signed on behalf of the Board by:

Director General

Head of Finance

Chairman of the Board





Dr. Kipkirui Langat

Emmanuel Korir

Prof. Ahmed Ferej

ICPAK No:9271

Date: 22/09/2021

Date: 22/09/2021

Date: 22/09/2021

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Accumulated Surplus	Capital Reserve	Total
	Kshs.	Kshs.	Kshs.
Balance as at 30 June 2019	33,342,621	98,750,192	132,092,813
Surplus/(deficit) for the period	12,947,593	-	12,947,593
Adjustments/restatements	939,059	-	939,059
Transfers from accumulated surplus	-	31,758,630	31,758,630
Transfer to Capital reserve	(31,758,630)	-	(31,758,630)
Balance as at 30 June 2020	15,470,643	130,508,822	145,979,465
Surplus/(deficit) for the period	21,260,680	-	21,260,680
Adjustments/restatements	-	-	-
Transfers from accumulated surplus	-	20,449,705	20,449,705
Transfer to Capital reserve	(20,449,705)	-	(20,449,705)
Balance as at 30 June 2021	16,281,618	150,958,527	167,240,145

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16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021 Kshs	2019-2020 Kshs
Cash flows from operating activities			
Receipts			
Government Grants	6(a)	290,000,000	238,800,000
Donor Support	6(b)	6,688,516	8,767,413
Accreditation and other related fees	7	21,663,727	28,892,056
Total receipts		318,352,243	276,459,469
Payments			
Employee costs	8	118,515,359	102,886,198
Board expenses	9	18,826,533	15,880,714
Repairs and Maintenance	11	5,263,862	6,465,456
Contracted professional Services	12	20,515,283	16,608,959
Accreditation, Quality assurance and Standards	13	57,092,658	53,204,679
Administration expenses	14	54,163,479	57,477,348
Decrease in receivables from exchange transactions	16b	(1,044,288)	892,048
Increase in payables from exchange transactions	19b	(21,213,827)	(12,819,311)
Total payments		252,119,057	240,596,091
Net cash flow from operating activities		66,233,186	35,863,378
Purchase of Property, Plant and Equipment	17	(68,538,274)	(31,758,631)
Purchase of Intangible Assets	18	-	(18,328,000)
Net Cash flow from investing activities		(68,538,274)	(50,086,631)
Cashflow from Financing activities			
Increase in deposits		-	-
Net cashflow from financing activities		-	-
Net Increase/(decrease) in cash and cash equivalents		(2,305,089)	(14,223,253)
Cash & cash equivalents as start of the year		52,988,463	67,211,716
Cash & cash equivalents as 30 June		50,683,374	52,988,463

Director General



Dr. Kipkirui Langat

Date:22/09/2021

Head of Finance

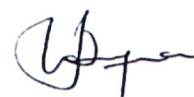


Emmanuel Korir

ICPAK No:9271

Date:22/09/2021

Chairman of the Board



Prof. Ahmed Ferej

Date:22/09/2021

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

Revenue	Original budget 2020-2021 Kshs.	Adjustments 2020-2021 Kshs.	Final budget 2020-2021 Kshs.	Actual on comparable basis 2020-2021 Kshs.	Performance difference 2020-2021 Kshs.	% of Utilization
Non-exchange transactions						
Recurrent Grants	340,000,000	-	340,000,000	340,000,000	-	100%
Donor Support	-	-	-	6,688,516	6,688,516	
Exchange transactions						
Accreditation & Other related fees	25,000,000	-	25,000,000	21,663,727	(3,336,273)	87%
Total Revenue	365,000,000	-	365,000,000	368,352,243	3,352,243	101%
Expenses						
Employee costs	134,297,572	-	134,297,572	118,515,359	15,782,213	88%
Board expenses	19,343,425	-	19,343,425	18,826,533	516,892	97%
Repairs and maintenance	6,000,000	-	6,000,000	5,263,862	736,138	88%
Contracted professional services	28,296,432	-	28,296,432	20,515,283	7,781,149	73%
Accreditation, quality assurance & Standards	39,484,616	11,000,000	50,484,616	57,092,658	(6,608,042)	113%
Administration expenses	67,128,250	(11,000,000)	56,128,250	54,163,479	1,964,771	96%
Capital budget	70,449,705	-	70,449,705	68,538,274	1,911,431	97%
Total expenditure	365,000,000	-	365,000,000	342,915,447	22,084,553	94%
Surplus for the period	-	-	-	25,436,796	(18,732,310)	

Budget notes

- i. Revenue from accreditation and other related fees was affected by closure of all TVET Institutions in Q1 and part of Q2 of the financial year which lead to shortfall in revenues for institutions affecting service requests to the Authority.
- ii. Employee costs variance was caused by delayed recruitment of approved vacancies for the year, the process delayed due to projected budget reduction in supplementary I.
- iii. Repair and maintenance cost was affected by delayed opening of three regional offices in Mombasa, Kisumu and Eldoret
- iv. Contracted professional services costs utilization was affected by medical insurance, Group personal accident cover (G.P.A) for new staff and internet connection charges for 3 regional offices whose acquisition and renovation was affected by proposed budget cuts.
- v. Quality assurance expenses was affected by outreach activities that were conducted and attendance by the trainees surpassed projections in Naivasha (44 trainees), Mt Kenya (24 trainees). The resultant revenue being **Kshs 1,670,760** net of costs incurred to train.
- vi. Changes between original and final budget is due to reallocations approved by board as per the provisions of the Public Finance Management Act 2012 sec 43 and Public Finance Management (National Government Regulations) 2015 sec 48
- vii. The difference in surplus between the statement of performance and budget comparison is because of depreciation which is a non-cash item, the budget is prepared under cash basis

18. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. GENERAL INFORMATION

Technical and Vocational Education and Training Authority is established by and derives its authority and accountability from the Technical and Vocational Education and Training Act 2013. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to regulate and coordinate the TVET sector through accreditation of Institutions, programs and trainers as well as assure access, quality, equity and relevance in education and training

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION -IPSAS 1

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act Cap 446 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3 ADOPTION OF NEW AND REVISED STANDARDS

IPSAS 41: Financial Instruments

Applicable: 1st January 2023

The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

- a) Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;
- b) Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
- c) Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

The Standard is not relevant to the Authority

IPSAS 42: Social Benefits

Applicable: 1st January 2023

The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:

- a) The nature of such social benefits provided by the entity;
- b) The key features of the operation of those social benefit schemes; and
- c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows

The Standard is relevant to the Authority as explained in environmental and sustainability reporting

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions-IPSAS 23

Exchequer Allocations

The Authority recognizes revenues from exchequer when the funds are received and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Development partners funding

The Authority received funding (A-I-A) of **Kshs 4,600,360** from UNESCO being support towards the world skills competition preparation and **Kshs 2,088,156** from ILO towards a rapid scoping study on pre-apprenticeship programs in three counties in Kenya, Kilifi, Kitui and Busia. The main goal of the project is to improve acquisition of skills by trainees for decent job opportunities and employability.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions-IPSAS 9

Accreditation and other related fees

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

b) Budget information

The Authority budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

c) Taxes

The Authority is a non-commercial state corporation and is therefore not subject to the corporate tax regime. No corporation tax is therefore provided in these accounts. However, the Authority remits all other applicable taxes as and when they fall due. This Includes;

- i. PAYE
- ii. Value Added Tax
- iii. Withholding Tax

d) Property, plant and equipment-IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Depreciation is calculated on a reducing balance basis at annual rates estimated to write off these assets over their expected useful life. Additionally, depreciation on assets disposed during the financial year is calculated up to the month of disposal.

e) Depreciation

Depreciation is calculated on reducing balance at the following rates:

Asset	Rate
Motor Vehicles	25%
Furniture & Fittings	12.5%
Tools & Equipment	12.5%
Computers	30%
Intangible Asset	20%

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

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Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

g) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset

h) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

i) Provisions-IPSAS 19

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i. Contingent liabilities

The Authority does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

ii. Contingent assets

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

j) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

i. Revenue Reserves

This is made up of all accumulated surplus for the year arising from non-Utilization of allocated grants and other income surplus

ii. Capital Reserves

The purpose of the reserve is recognizing capital grants received from the Government to enable the Authority procure Assets used to run the operations of the Authority. The is usually made up of surplus retained revenues

k) Changes in accounting policies and estimates

The Authority recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

l) Employee benefits

Retirement benefit plans

The Authority provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The Authority remits these funds to Jubilee Insurance at 20% of employee's basic pay and to the Director of Pensions at 31 % of basic for staff who are seconded from the Civil service. The Authority also remits statutory (National Social Security) NSSF funds monthly.

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

n) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

p) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. Statement of cashflow figures have been restated to correct movement of cashflows in the previous year. This did not affect closing/opening cashflow balances.

q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

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6 Revenue from non-exchange transactions	2020-2021	2019-2020
	Kshs.	Kshs.
a) GOK Grants		
Quarter 1	72,500,000	58,800,000
Quarter 2	72,500,000	60,000,000
Quarter 3	72,500,000	60,000,000
Quarter 4	72,500,000	60,000,000
GOK Grants	290,000,000	238,800,000
b) Donor Support		
UNESCO-World Skills	2,088,156	-
UNESCO-Bear II Project	-	2,745,000
NUFFIC-Capacity Enhancement of TVETA	-	2,846,732
AERES-Teacher Training Improvement	-	594,881
ILO-BUSY Project	4,600,360	2,580,800
Donor Support	6,688,516	8,767,413
Total revenue from non-exchange transactions	296,688,516	247,567,413
7 Revenue from exchange transactions		
Accreditation & Other related fees	21,663,727	28,892,056
Total revenue from exchange transactions	21,663,727	28,892,056
8 Employee costs		
Basic pay	62,103,109	53,474,679
House allowances	21,683,000	21,162,129
Commuter allowance	9,036,000	8,667,557
Air-time allowance	3,936,000	3,648,237
Entertainment allowance	-	31,500
Extraneous allowance	1,209,000	1,017,258
Non-Practicing allowance	60,000	120,000
Employer NSSF Contribution	131,400	134,000
Leave allowance	1,410,615	1,478,567
Employer Pension Contribution	14,449,330	4,807,707
Gratuity	2,919,204	6,129,666
Casual wages	737,702	714,898
Interns Stipend	840,000	1,500,000
Total employee costs	118,515,359	102,886,198
9 Board expenses		
Chairman's Honoraria	1,020,000	1,020,000
Sitting and daily subsistence allowance	6,266,822	9,105,557
Capacity building	7,558,915	5,755,157
Board Stakeholder engagement forums	3,980,796	
Total board expenses	18,826,533	15,880,714

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10 Depreciation and Amortization	2020-2021	2019-2020
	Kshs.	Kshs.
Property, plant and equipment	19,781,910	7,323,015
Intangible Assets	2,932,480	3,665,600
Total depreciation and amortization	22,714,390	10,988,615
11 Repairs and Maintenance		
Building	956,133	2,914,930
Motor Vehicles	3,701,952	3,078,085
Office Equipment	605,777	472,441
Total repairs and maintenance	5,263,862	6,465,456
12 Contracted Professional Services		
Cleaning Services	402,720	40,162
Fumigation & Pests Control Services	360,000	300,000
Insurance of Motor vehicles	2,292,328	684,635
Insurance of Office Assets	240,617	-
Internet Connection	5,277,234	2,639,771
Medical Insurance	8,617,093	9,635,942
GPA/WIBA	966,846	873,705
Courier & Postage	13,645	165,450
Legal services	9,570	118,800
Staff Sensitization on Health & Safety	-	242,000
External Audit Services	500,000	500,000
ISO Certification	1,835,230	1,408,401
Total contracted professional services	20,515,283	16,608,866
13 Accreditation, quality assurance & standards		
Accreditation of TVET Institutions	10,847,140	10,648,035
Outreach Services	17,555,198	5,546,314
Standards Development	4,185,969	19,011,883
Compliance & Enforcement	10,893,240	7,539,985
Policy & Planning	5,364,170	6,693,675
Research and Policy	8,246,941	3,764,787
Total accreditation, quality assurance & standards	57,092,658	53,204,679
14 Administrative expenses		
Printing and advertising	3,794,981	6,339,861
Communication services	1,237,563	1,015,213
Accessories for Computers and printers	1,214,502	818,864
Hospitality Supplies & Services	3,627,141	3,698,644
Local travel and daily subsistence	5,116,087	4,431,347
Foreign travel and daily subsistence	-	3,296,191
Training	3,887,841	3,922,737
Seminars and Workshops	4,105,970	2,148,200
Office general supplies	1,733,735	2,560,151
Rent	20,615,373	20,916,000
Fuel and Lubricants	2,845,304	1,720,610
Shows and exhibitions	-	4,344,123
Annual TVET Conference	-	1,353,868
Uniform and Clothing	747,376	551,500
Bank Charges	371,606	360,039
Subscriptions to Professional Associations	4,866,000	-
Total administration expenses	54,163,479	57,477,348

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15 Cash and cash equivalents	2020-2021	2019-2020
	Kshs.	Kshs.
A/C No.1164286862-KCB-Operation Account	39,286,928	21,515,607
A/C No.1212502450-KCB-Revenue Account	6,796,446	31,472,856
A/C No.1281901733-KCB-World Skills Account	4,600,000	-
Total cash and cash equivalents	50,683,374	52,988,463
16 Receivables from exchange transactions		
a) Current Receivables		
Trade Receivables	-	980,288
Staff Imprests	-	119,000
Staff Salary Advance	230,000	175,000
Total Current Receivables	230,000	1,274,288
b) Movement in Current receivables		
As at end of reporting period	230,000	1,274,288
As at beginning of reporting period	1,274,288	382,240
	(1,044,288)	892,048

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17 PROPERTY, PLANT AND EQUIPMENT

Description	Motor Vehicles		Furniture & Fittings		Tools & Equipment		Computers		Capital Work in Progress		Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	
Cost											
At 1 July 2019	35,033,357	35,033,357	9,709,518	8,233,497	7,446,270	37,154,660	97,577,302				
Additions	-	-	4,931,143	3,865,327	2,383,311	20,578,850	31,758,631				
Disposals	-	-	-	-	-	-	-				
Transfers/adjustments	-	-	-	411,480	(411,480)	-	-				
At 30 June 2020	35,033,357	35,033,357	14,640,661	12,510,304	9,418,101	57,733,510	129,335,933				
Additions	30,249,414	30,249,414	3,569,170	4,805,115	2,865,336	27,049,239	68,538,274				
Disposals	-	-	-	-	-	-	-				
Transfers/adjustments	-	-	61,114,133	-	-	(61,114,133)	-				
At 30 June 2021	65,282,771	65,282,771	79,323,964	17,315,419	12,283,437	23,668,617	197,874,207				
Depreciation and impairment											
At 1 July 2019	(19,903,890)	(19,903,890)	(2,127,806)	(1,943,744)	(2,500,957)	-	(26,476,396)				
Depreciation	(3,782,367)	(3,782,367)	(1,039,908)	(896,359)	(1,604,381)	-	(7,323,015)				
Impairment	-	-	-	-	-	-	-				
Transfers/adjustments	-	-	-	-	-	-	-				
At 30 June 2020	(23,686,257)	(23,686,257)	(3,167,714)	(2,840,103)	(4,105,338)	-	(33,799,411)				
Depreciation	(10,399,129)	(10,399,129)	(6,535,863)	(1,227,138)	(1,619,780)	-	(19,781,910)				
Disposals	-	-	-	-	-	-	-				
Impairment	-	-	-	-	-	-	-				
Transfers/adjustments	-	-	-	-	-	-	-				
At 30 June 2021	(34,085,385)	(34,085,385)	(9,703,577)	(4,067,241)	(5,725,118)	-	(53,581,321)				
Net book values											
At 30 June 2021	31,197,386	31,197,386	69,620,387	13,248,178	6,558,319	23,668,617	144,292,886				
At 30 June 2020	11,347,100	11,347,100	11,472,947	9,670,201	5,312,763	57,733,510	95,536,522				

Work in progress amounting to Kshs 23,668,617 is the cost of renovating the Authority's 3 new regional offices in Mombasa, Kisumu and Eldoret and Teleconferencing Unit at TVETA head office.

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18 INTANGIBLE ASSETS-ERP	2020-2021	2019-2020
Cost	Kshs	Kshs
At beginning of the year	18,328,000	-
Additions	-	18,328,000
At end of the year	18,328,000	18,328,000
Additions-Internal development	-	-
At end of the year	18,328,000	18,328,000
Amortization & Impairment		
At beginning of the year	3,665,600	-
Amortization	2,932,480	3,665,600
At end of the year	6,598,080	3,665,600
Net Book Value	11,729,920	14,662,400
19 Trade payables from exchange transactions		
a) Trade and other payables		
Contractor's retention	472,677	3,578,907
Employee Benefits (Gratuity)	5,972,504	3,053,300
Provision for audit fee	1,000,000	1,000,000
Trade Creditors	32,250,853	10,850,000
Total trade & other payables	39,696,034	18,482,207
b) Movement in Trade Payables		
Contractor's retention	472,677	3,578,907
	3,578,907	3,715,475
	(3,106,230)	(136,568)
Employee Benefits (Gratuity)	5,972,504	3,053,300
	3,053,300	1,447,421
	2,919,204	1,605,879
Provision for audit fee	1,000,000	1,000,000
	1,000,000	500,000
	-	500,000
Trade creditors	32,250,853	10,850,000
	10,850,000	-
	21,400,853	10,850,000
	21,213,827	12,819,311
20 Accumulated Surplus		
Balance at beginning of the year	15,470,643	33,342,621
Surplus/(deficit) for the period	21,260,680	12,947,593
Adjustments/restatements	-	939,059
Transfer to Capital reserve	(20,449,705)	(31,758,630)
Balance as at end of the year	16,281,618	15,470,643

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21 Capital Reserve Fund	2020-2021	2019-2020
	Kshs.	Kshs.
Balance at beginning of the year	130,508,822	98,750,192
Adjustments/restatements	-	-
Transfers from accumulated surplus	20,449,705	31,758,630
Balance at end of the year	150,958,527	130,508,822

22 FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Authority's Internal Audit Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

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There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

23 RELATED PARTY BALANCES

Nature of related party relationships

The Management staff and Members of the Board are for the purposes of this report considered related parties. During the year, management staff and Board members were only paid salaries and board allowances.

The Authority is related to;

- i. The National Government
- ii. The Parent Ministry
- iii. Key Management
- iv. Board of Directors

Related party transactions

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	290,000,000	238,800,000
Total	290,000,000	238,800,000
b) Key management compensation		
Board directors' emoluments	18,826,533	16,022,714
Director General/CEO	15,892,944	10,035,419
Deputy Directors (3 directors)	6,752,007	10,739,050
Total	41,471,484	36,797,183

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24 DIVIDENDS/SURPLUS REMISSION

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year (FY 2020/2021) but a saving on its grants that it has proposed to utilise to finance its capital budget FY 2021/2022 and hence no remittance to the Consolidated Fund.

25 EVENTS AFTER THE REPORTING PERIOD

There were no material adjusting and non- adjusting events after the reporting period.

26 ULTIMATE AND HOLDING ENTITY

The Authority is a State Corporation under the Ministry of Education, State Department of Vocational and Technical Training. Its ultimate parent is the Government of Kenya.

27 Currency

The financial statements are presented in Kenya Shillings (Kshs).

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Office of the Auditor General has not submitted its Final Audit report FY 2019/2020. Therefore there were no issues for follow up



Director General/C.E. O

Dr. Kipkirui Langat, PhD. FIETK

Date 22nd September 2021

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APPENDIX II: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of Vocational and Technical Training				
FY 2020/2021				
a. Recurrent Grants				
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		18-Aug-20	72,500,000	FY 2020/2021
		18-Dec-20	72,500,000	FY 2020/2021
		29-Jan-21	72,500,000	FY 2020/2021
		10-Jun-21	72,500,000	FY 2020/2021
		Total	290,000,000	
b. Donor Receipts		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		18-Dec-20	1,495,200	FY 2020/2021
		24-Dec-20	449,841	FY 2020/2021
		12-Mar-21	296,832	FY 2020/2021
		1-Apr-21	3,105,160	FY 2020/2021
		7-Apr-21	1,341,483	FY 2020/2021
		Total	6,688,516	

The above amounts have been communicated to and reconciled with the parent Ministry

Head of Finance and Accounts

Head of Accounting Unit

TVET Authority

State Department for VTT



Sign

Sign

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APPENDIX III: ANALYSIS OF TRADE CREDITORS

Date	Payee	Particulars	Amount
29/06/2021	MAGICAL HOLIDAYS LIMITED	Air-ticketing services	24,870
30/06/2021	DOUBLE -S-LTD	Supply of Staff Uniforms	498,455
30/06/2021	ELIKO INVESTMENTS LIMITED	Supply of Office Furniture	1,541,162
30/06/2021	EVERSHINE INVESTMENTS	General Office stationary	494,450
30/06/2021	HILLROY MERCHANTS	Supply of Office equipment	748,980
30/06/2021	JOHCATA AGENCIES LTD	Fumigation services	345,000
30/06/2021	NEGIT ENTERPRSE	Supply of Office Furniture	1,196,122
30/06/2021	PTECH SOLUTIONS LTD	Supply of Office equipment	495,310
30/06/2021	SAFEWAY COMPANY LTD	Supply of Office Furniture	1,232,870
30/06/2021	SOLIT TECHNOLOGIES	Supply of Office equipment	914,195
30/06/2021	SOPHIE LINKS MERCHANTS	Supply of General Office stationary	419,156
30/06/2021	SOPHIE LINKS MERCHANTS	Supply of Branded promotional materials	671,666
30/06/2021	M/S.FREMERC BUILDERS LTD	Partitioning of Regional Office-Kisumu	4,296,872
30/06/2021	M/S.JOMAP HOLDINGS(K) LIMITED	Partitioning of Regional Office-Eldoret	4,852,670
30/06/2021	M/S.CEMETEC ENGINEERING LTD	Partitioning of Regional Office-Mombasa	5,987,510
30/06/2021	MS. INTERMASS TECHNOLOGIES E.A. LTD	Teleconferencing system at TVETA Office-8th Floor Utalii House	8,531,565
	Total		32,250,853